

Case Study

Royal Navy

VT Flagship delivers world class fire fighting facilities for Royal Navy through PFI contract



The Client

The Royal Navy (RN) employs 37,500 people. Before they join their ships all personnel, regardless of specialisation or seniority, receive fire fighting training. Courses comprise both practical and theoretical instruction and durations range from two days to one week.

The Challenge

Following a series of investment appraisals and training reviews undertaken over several years, the RN produced a procurement specification for the provision of an environmentally acceptable fire fighting procedural training facility.

This traditional procurement route failed to provide Value for Money (VFM) and despite significant pressure from the environmental lobby, funding for this project was withheld pending the outcome of a Private Finance Initiative (PFI) proposal by VT Flagship.

This alternative proposal was required to provide a solution within budget and to protect the existing training pipeline from disruption through a managed approach.

How VT Flagship Helped

- In 1997, VT Flagship submitted an outline proposal and technical solution, both of which were well received by the Royal Navy, Regional Planning Authorities and Environmental Agencies alike
- In 1998, VT Flagship was down selected as preferred bidder, thereby enabling the PFI solution to be fully assessed against the Public solution, which ultimately became the Public Sector Comparator (PSC). It was this financial target that VT Flagship had to improve upon by fully demonstrating best VFM, thus ensuring that the contract was capable of being awarded

- In 1999, following a period of preparation, ratification and negotiation, the PFI contract was signed, the first PFI contract agreed by the Royal Navy. Under this contract VT Flagship Fire Fighting Training Ltd (FFTL), a wholly owned subsidiary of VT Flagship, undertook the requirement to deliver a turnkey PFI solution, which would satisfy the RN's demanding fire fighting training requirements
- The 20 year, £180 million PFI project, required FFTL to establish a close working relationship both with its RN partner, and its parent sub-contractor (VT Group), to enable them to successfully design and deliver the training service. This was achieved by harnessing investment and innovation at three locations - HMS Excellent, Portsmouth, HMS Raleigh, Torpoint and through collaboration and further innovation with Strathclyde Fire Brigade, at the Glasgow training centre
- The PFI was structured to provide a deliverable output - well trained sailors. However consistent with PFI projects, FFTL took several key risks away from the client, including amongst others, availability, throughput and delay risks. Additionally the contract allowed the client to forward plan their annual training costs against a fixed price, which is financially modelled across the 20 year contract period
- Payment mechanisms protect the client even further and FFTL receive payments only against successful delivery of the training service, which is measured on a course-by-course basis
- As a key component of the contract required significant investment, of both equity and loan funding, the financial institutions and equity providers demanded extremely challenging performance returns. To date all returns and reports have been submitted as fully compliant against the measurable criteria of the contract
- The solution provided repeatability and control of the training output, delivered within state-of-the-art simulators, which offer a controlled training environment and utilise a much reduced environmental footprint, consistent with the highest values expected by the UK MOD



The End Result

- In less than two years VT Flagship managed the transition from previous training grounds and built a management structure which, when coupled with the design and construction, culminated in world-class facilities, which enable trainees to learn and practice fire-fighting techniques in a strictly controlled environment
- The facilities were delivered ahead of schedule and to the required specification
- Each facility offers a highly sophisticated training environment in which students experience realistic fire fighting training. The 'hot' units, configured as naval vessels with an engine room, galley and passageways, incorporate smoke, heat and propane gas flame generators to emulate many different scenarios
- This PFI project has provided the Navy with one of the most sophisticated military fire training services in the world, delivering extremely realistic, yet fully controlled training
- In five years, the joint VT Flagship and RN team of instructors, each individually accredited with the Maritime Coastguard Agency, has trained over 100,000 sailors
- Since VT Flagship started to deliver training in 2001, the joint team has achieved a 100% track record of training provision
- The specialist training has also proved attractive to many commercial customers and local area Fire and Rescue services, generating income for the Royal Navy and VT Flagship
- VT Flagship continues to innovate and invest in both the quality of training and the facilities. A new complex multi-role 'confined space' training facility opened in Portsmouth during 2007, and the Strathclyde facilities were upgraded in the same year